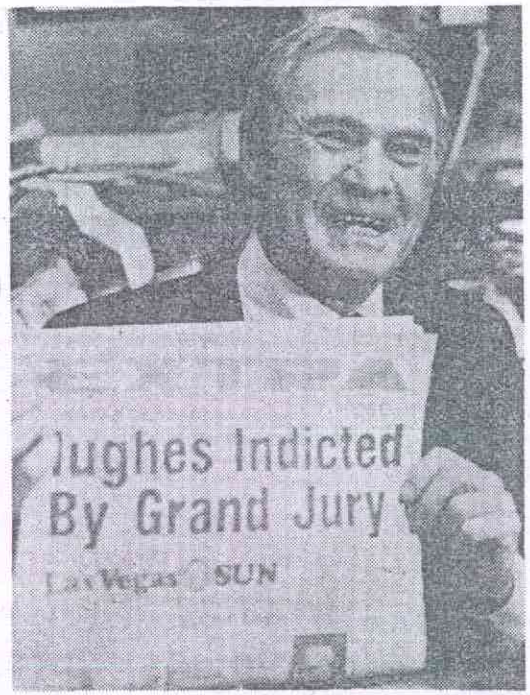

United Press International

Las Vegas Sun publisher Henry Greenspun, unindicted co-conspirator in Hughes case, displays his paper's story.

Hughes' Indictment Plunges Empire Into Legal Thicket

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By William Greider
Washington Post Staff Writer

The vast and complicated business empire of Howard Hughes may run into new complications if the billionaire recluse decides to stay in the Bahamas and refuses to honor a federal indictment charging him with stock-market manipulation.

Hughes, who was indicted Thursday by a federal grand jury in Las Vegas, does business with the government on a broad front, from defense contracting with the Pentagon to such regulated businesses as TV and airlines and to gambling casinos that are licensed by the state of Nevada.

If Hughes fails to respond to the criminal warrant, it apparently does not pose any immediate threat to the status of these operations, but it could pose an enormous embarrassment to the agencies of government and, ultimately, inspire challenges to his activities.

The 68-year-old Hughes is now ensconced in a penthouse suite of the Xanadu Hotel in Freeport, Bahamas, where the Bahamian extradition treaty makes it doubtful whether U.S. authorities can force his return to Nevada for trial.

Hughes himself has not issued any public response to the indictment, but a source close to the Hughes organization said yesterday it is highly unlikely that he will appear in court on Jan. 11, the date set for his initial hearing.

In addition, the source said, Hughes would subject himself to a spate of civil litigation if he returned to Las Vegas for the criminal proceedings.

Hughes has made a legendary effort over the last two decades to maintain his privacy, living in seclusion, jetting mysteriously around the world, and avoiding all public appearances, even courtroom testimony in civil lawsuits.

Officials of various government agencies generally declined to speculate on how other Hughes business activities might be affected if the billionaire refused to show for his trial, but several agreed that it is a potential problem for him.

In Las Vegas yesterday, the State Gaming Commission met all day in closed session to discuss the Hughes problem and the potential impact. Hughes holds licenses for seven major hotel-casinos in Las Vegas, about 14 per cent of the state's gambling industry.

"There is an urgency to stay on top of the problem," said Philip Hannifin of the commission's enforcement agency, "but not an urgency to take any precipitous action."

Under Nevada law, the gaming commission has broad discretion in awarding licenses to operate gambling casinos. Normally, a conviction on a felony would be regarded as a serious blemish that could render an operator ineligible.

"A person under indictment is presumed innocent until proven guilty," said Peter Eccheverria, chairman of the Nevada commission. "If he is convicted and is a convicted felon, it is a totally new ball game and what will happen at that stage will have to be taken into account."

In Washington, the Federal Communications Commission, a legal spokesman noted, always examines an individual's "character qualifications" in approving radio and TV licenses. Hughes owns a Las Vegas television station, KLAS.

"It would be an issue that would have to be looked into when the license comes up for renewal," the FCC official said, "especially in this situation where it's so visible and we know about it."